

**Presentment Date & Time: June 11, 2019 at 10:00 a.m. (Eastern Time)**

**Hearing Date & Time (Only if Objection Filed): To be Scheduled**

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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|---|---------------------------|
|   | X                         |
| :   |                           |
| In re:  | : Chapter 11              |
| SEARS HOLDING CORPORATION, <i>et al.</i> , <sup>1</sup> | : Case No. 18-23538 (RDD) |
| :   |                           |
| Debtors.  | : (Jointly Administered)  |
| :   |                           |
|   | X                         |

**CORRECTED STATEMENT OF OZ MASTER FUND, LTD. TO  
THE STIPULATION AND ORDER CONCERNING THE  
RESOLUTION OF CERTAIN SECTION 507(B) CLAIMS**

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

OZ Master Fund, Ltd. (“OZ”), in its capacity as holder of \$44,967,000 in principal amount of Alternative Tranche Line of Credit Loans (the “2L Alternative Tranche Loans”) issued pursuant to that certain Fifth Amendment to Second Lien Credit Agreement dated as of July 5, 2018 by and among, *inter alios*, Sears Holdings Corporation, as borrower, Sears Roebuck Acceptance Corp. (“SRAC”) and Kmart Corporation, as guarantors, JPP, LLC as administrative agent and collateral administrator and the lenders party thereto, by and through the undersigned counsel, hereby submits this statement (the “Statement”) in response to the June 2, 2019 *Stipulation and Order Concerning the Resolution of Certain Section 507(b) Claims* [Docket No. 4102] (the “507(b) Stipulation”)<sup>2</sup> and in support hereof respectfully states as follows:

OZ does not oppose the relief sought in the 507(b) Stipulation and the briefing scheduled contained therein and, at the present time, OZ does not intend on individually participating in the proposed process regarding the Prepetition Second Lien Credit Parties’ Prepetition Second Lien Adequate Protection Liens and Prepetition Second Lien Facilities Adequate Protection Claims (collectively, the “Section 507(b) Claims”) given Wilmington Trust, National Association’s (“Wilmington Trust”) participation in the process.<sup>3</sup> However, OZ submits this Statement to clarify for the record and the Court certain statements made by the Debtors in their May 26, 2019 *Motion to Estimate Certain 507(b) Claims for Reserve Purposes* [Docket No. 4034] (the “Estimation Motion”).

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<sup>2</sup> Capitalized terms used herein but not herein defined shall have the meanings ascribed to them in the *Final Order (I) Authorizing the Debtors to (A) Obtain Post-Petition Financing, (B) Grant Senior Secured Priming Liens and Superpriority Administrative Expense Claims, and (C) Utilize Cash Collateral; (II) Granting Adequate Protection to the Prepetition Secured Parties; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* [Docket No. 955] (the “Final DIP Order”).

<sup>3</sup> Wilmington Trust is the Collateral Agent under the Prepetition Second Lien Credit Agreement Documents pursuant to which the 2L Alternative Tranche Loans were issued, and, as such, Wilmington Trust is obligated to act on behalf of all second lien holders, including OZ.

In the Estimation Motion, the Debtors aver that “Cyrus and ESL collectively hold approximately 95% of the Second-Lien Debt . . . and [that] the remaining Second-Lien Holders, including, but not limited to, the Collateral Agent, hold collectively 5.6% of the Second-Lien Debt . . . which [is] subordinate[] . . . to [that] of ESL and Cyrus.” (See Estimation Motion at ¶ 19; see also ¶ 6 (claiming that “ESL and Cyrus . . . hold approximately 95% of the Second-Lien Debt.”).) The Debtors, however, fail to account for OZ’s 2L Alternative Tranche Loans, which are valid *non-subordinated* Prepetition Second Lien Credit Agreement Obligations. As such, to the extent that the Prepetition Second Lien Credit Parties receive any payments or proceeds on account of, among other things, their adequate protection liens and claims and/or Section 507(b) Claims, OZ is entitled to its *pro rata* share of any such amounts.

Dated: June 11, 2019  
New York, New York

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